



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

26

2. Council Meeting Date:

August 15, 2013

TO: MAYOR & COUNCIL

3. Date Prepared: August 1, 2013

THROUGH: CITY MANAGER

4. Requesting Department: City Manager

5. SUBJECT: Recommendation for Approval of Professional Services Agreement HR3-918-3240 with Secova, Inc.

6. RECOMMENDATION: Recommend approval to execute the Professional Services Agreement HR3-918-3240 between the City of Chandler and Secova, Inc., to perform a dependent eligibility verification audit for the City of Chandler healthcare plan.

7. HISTORICAL BACKGROUND/DISCUSSION: The City offers comprehensive healthcare benefits to all regular benefit eligible employees and their eligible dependents through its current administrative services agreement with Blue Cross Blue Shield of Arizona. The City's self-insured medical plan will begin its fourth year in 2014. A dependent audit is one important facet of ensuring that the plan remains fiscally healthy through the accurate reporting of eligible dependents for the medical plan.

8. EVALUATION PROCESS: A Request for Qualifications (RFQ) was issued on April 29, 2013 to perform a dependent eligibility verification audit, otherwise known as a dependent audit. A dependent audit is performed in order to collect eligibility documentation on all enrolled dependents in a fair, accurate and speedy manner to ensure that dependents enrolled in the plan meet the guidelines of an eligible dependent. The RFQ was designed to focus on compliance education and to engender a shared sense of responsibility in providing quality and affordable healthcare benefits.

Over a course of several meetings the evaluation committee evaluated each of the five proposals submitted. The evaluation involved review and extensive discussion regarding each proposals client services, communication philosophy and effectiveness, commitment to customer service, verification and auditing processes, and most importantly member security and privacy protection. Secova, Inc., best met the criteria established in the RFQ and is a recognized leader in the industry.

Staff will work closely with Secova, Inc. to establish a comprehensive communication plan for employees. In addition, Secova, Inc. provides a customer service call center designed to assist employees with questions and to assist the employee in gathering the necessary documentation required of the audit. Following the approval of this contract, the project will begin in August of 2013 and will be completed no later than April of 2014. Employees will be given ample time to comply with the requirements of the audit.

The City's legal department, along with Human Resources and Procurement has reviewed the standards and specifications of the professional services agreement.

9. FINANCIAL IMPLICATIONS: The cost of this contract is \$35,000 and will be paid with the monies provided by Blue Cross Blue Shield of Arizona and will have no impact to the City's general fund.

Costs: \$0
Savings: N/A
Long Term Costs: N/A

Acct. No.:

Fund Name:

Program Name:

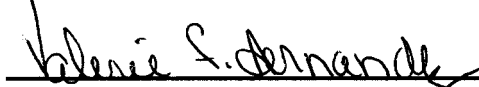
CIP Funded:

Funds:

10. PROPOSED MOTION: Approve and authorize the Mayor to execute the Professional Services Agreement between the City of Chandler and Secova, Inc., to perform a dependent eligibility verification audit for the City of Chandler healthcare plan.

APPROVALS

11. Requesting Department


Valerie F. Hernandez, Benefit Programs Supervisor

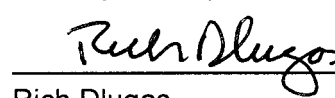
12. Department Head


Debra Stapleton, Human Resources Director

13. Procurement Officer


Kristy Garcia, CPPB

14. City Manager


Rich Dlugas

**CITY OF CHANDLER
PROFESSIONAL SERVICES AGREEMENT**

Project No. HR3-918-3240

Project Name: Healthcare Dependent Audit Consultant

THIS AGREEMENT is made and entered into this ____ day of _____, 2013, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and Secova, Inc., hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. CONTRACT ADMINISTRATOR:

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of Human Resources Director or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement.

2. **SCOPE OF WORK:** CONSULTANT shall provide those services described in Exhibit B attached hereto and made a part hereof by reference.

3. **ACCEPTANCE AND DOCUMENTATION:** Each task shall be reviewed and approved by CITY to determine acceptable completion. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. **FEE SCHEDULE:** For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT a fee not to exceed the sum of Thirty Five Thousand dollars (\$35,000) in accordance with the fee schedule attached hereto as Exhibit C and incorporated herein by reference.

5. **TERM:** Following execution of this Agreement by CITY, CONSULTANT shall immediately commence work and shall complete all services described herein by April 30, 2014.

6. **COOPERATIVE USE OF CONTRACT.** In addition to the City of Chandler and with approval of the CONTRACTOR, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of

eligible entities may be found at www.maricopa.gov/materials and then click on 'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

If required to provide services on a school district property at least five (5) times during a month, CONTRACTOR shall submit a full set of fingerprints to the school district in accordance with A.R.S. 15-512 of each person or employee who may provide such service. The District shall conduct a fingerprint check in accordance with A.R.S. 41-1750 and Public Law 92-544 of all CONTRACTORS, sub-CONTRACTORS or vendors and their employees for which fingerprints are submitted to the District. Additionally, the CONTRACTOR shall comply with the governing body fingerprinting policies of each individual school district/public entity. CONTRACTOR, sub-contractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

Orders placed by other agencies and payment thereof will be the sole responsibility of that agency. The CITY shall not be responsible for any disputes arising out of transactions made by other agencies who utilize this Agreement.

7. TERMINATION:

7.1. Termination for Convenience: CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONSULTANT and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed for each task detailed in the Scope of Work and the CONSULTANT's compensation shall be based upon such determination and CONSULTANT's fee scheduled included herein.

7.2 Termination for Cause: City may terminate this Contract for Cause upon the occurrence of any one or more of the following events:

- 1) If CONSULTANT fails to perform pursuant to the terms of this Agreement
- 2) If CONSULTANT is adjudged a bankrupt or insolvent;
- 3) If CONSULTANT makes a general assignment for the benefit of creditors;
- 4) If a trustee or receiver is appointed for CONSULTANT or for any of CONSULTANT'S property;
- 5) If CONSULTANT files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
- 6) If CONSULTANT disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
- 7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONSULTANT then existing or which may thereafter accrue.

- 7.3. Availability of Funds for the next Fiscal Year.** Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.
- 8. INSURANCE REQUIREMENTS:** CONSULTANT shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.
- 9. ENTIRE AGREEMENT:** This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.
- 10. ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
- 10.1.** Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").
- 10.2.** A breach of the Contractor Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
- 10.3.** The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.
- 10.4.** The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verification.
- 10.5.** The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- 10.6.** In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the offeror does not have scrutinized business operations in Iran.
- 10.7.** In accordance with A.R.S. §35-391.06 the Contractor hereby certifies that the offeror does not have scrutinized business operations in Sudan.

11. CONFLICT OF INTEREST:

- 11.1. No Kickback.** CONSULTANT warrants that no person has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONSULTANT'S proposal to the CITY.
- 11.2. Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONSULTANT to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).
- 11.3. No Conflict.** CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.
- 11.4. Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
- 11.5. Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- 11.6. Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- 12. NOTICES:** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:
City of Chandler
Purchasing Division
P.O. Box 4008, Mail Stop 901
Chandler, AZ 85244-4008
480.782. 2400

In the case of CONSULTANT:
Secova, Inc.
Brian Perrine – Vice President, Sales
5000 Birch St, West Tower, Suite 1400
Newport Beach, CA 92660
714.384.0714

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

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IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this ____
day of _____ 2013.

CITY OF CHANDLER

Mayor Date

APPROVE AS TO FORM

City Attorney *pkm*

ATTEST:

City Clerk

SEAL

CONSULTANT

By: *Venkat Tadanki*
Title: PRESIDENT & CEO
VENKAT TADANKI.

ATTEST: If Corporation
V. G. R.
Secretary

EXHIBIT A

Contractor Immigration Warranty To Be Completed by Contractor Prior to Execution of Contract

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

Contract Number: Healthcare Dependent Audit; HR3-918-3240		
Name (as listed in the contract): Secova, Inc.		
Street Name and Number: 5000 Birch St., West Tower, Suite 1400		
City: Newport Beach	State: CA	Zip Code: 92660

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:

Printed Name: _____

Title: _____

Date (month/day/year): _____

**EXHIBIT B
SCOPE OF WORK**

SCOPE OF WORK (SOW) – Summary

Project Dates: Begin 9/25/2013 End 3/26/2014
SOW Effective Date: Begin 8/19/2013 End 4/17/2014

Standard Dependent Eligibility Verification Audit (DEVA) Services	Optional Dependent Eligibility Verification Audit (DEVA) Services
<input checked="" type="checkbox"/> Announcement Communication (email or hardcopy)	<input type="checkbox"/> Communications Bi-lingual
<input type="checkbox"/> Amnesty Communication	<input type="checkbox"/> Communications Additional Mailings
<input checked="" type="checkbox"/> Verification Packet	<input type="checkbox"/> Call Center 24 x 7
<input checked="" type="checkbox"/> Reminder Postcard	<input type="checkbox"/> Custom Reports
<input checked="" type="checkbox"/> Incomplete Notices (email or hardcopy)	<input type="checkbox"/> Travel Additional
<input checked="" type="checkbox"/> Receipt of Documents Notification (email only)	<input type="checkbox"/> Spending Accounts Administration Services
<input checked="" type="checkbox"/> Confirmation (email or hardcopy)	<input type="checkbox"/> Onsite training or representation by Secova team
<input checked="" type="checkbox"/> Pending Cancellation Notice (hardcopy only)	
<input checked="" type="checkbox"/> Final Cancellation Notice (hardcopy only)	
<input checked="" type="checkbox"/> Call Center Support Services 12 x 5	
<input checked="" type="checkbox"/> Call Center Outbound Call Campaign Incomplete or Non-Responders (IVR or Email blast)	
<input checked="" type="checkbox"/> Standard Reports	
<input checked="" type="checkbox"/> Final Analysis Report	
<input type="checkbox"/> Travel (implementation & end of project meeting)	
<input type="checkbox"/> Training Webinars	

SCOPE OF WORK (SOW) - Description of Services

1. DESCRIPTION OF SERVICES	
DEPENDENT ELIGIBILITY VERIFICATION AUDIT	
Secova Project Components	<ul style="list-style-type: none"> ■ Verification Objectives <ul style="list-style-type: none"> ○ Communicate to all City of Chandler (hereinafter "Client") Health Plan Members with enrolled dependents the processes that will be implemented to manage dependent eligibility. ○ Educate Health Plan Members about Client's dependent eligibility rules and improve compliance regarding enrolled dependents. ○ Request, collect and retain the required documentation from all Members with dependents enrolled in Health Plan benefits. ○ Provide the Client with cost savings in required benefit funding reserves through termination of dependents who do not comply with eligibility requirements. ■ Verification Population <ul style="list-style-type: none"> ○ All dependents of Members enrolled in Health Plan benefits as of September 1, 2013. ■ Communications <ul style="list-style-type: none"> ○ Secova will work with Client to develop and produce clear Member communications including written communication and call center scripts. Secova will cooperate with the Client in good faith with respect to the manner in which all communications with Members will be handled. Secova agrees that all such communications will be handled in a professional and businesslike manner and in a manner that does not in any way reflect poorly on the Client. All Member communications (including written communications and call center scripts) will be approved by the Client in writing prior to distribution. Communications distributed in the form of email (if provided), direct mail and direct phone calls to the Member's home. Secova will utilize a third-party print vendor for Project communications. Project communications will include: <ul style="list-style-type: none"> ○ Announcement – (Project First Communication) Generic communication emailed or mailed to Members by Secova or City of Chandler announcing the scope and purpose of the verification audit. ○ Verification Packet (Project Second Communication Mailing) – Personalized communication packet mailed to the homes of all Members with at least one dependent enrolled in Health Plan Benefits, subject to verification.

2. DESCRIPTION OF SERVICES

DEPENDENT ELIGIBILITY VERIFICATION AUDIT

- **Verification Packet** (continued)
 - Verification Letter with overview and instructions
 - Cover sheet with personal information listing the dependents to be verified
 - Definitions and Required Documents listing the dependent eligibility rules and outlining the documentation required to verify eligibility
 - FAQs listing common questions and answers related to the project
 - Return envelope
- **Reminder Postcard** (Project Third Mailing)
 - Reminder postcard mailed to Members who have not responded to previous communications.
 - Adjustments as needed based upon research and findings.
- **Pending Cancellation of Coverage Letter** (Project Fourth Mailing)
 - A Pending Cancellation of Coverage letter will be mailed to every Member with one or more unverified dependents at the conclusion of the Verification Phase. This provides a final opportunity for Members to provide the necessary documentation ("Grace Period") without having to follow formal Health Plan appeal procedures for coverage reinstatement.
- **Final Determination Letter** (Project Fifth Mailing)
 - Final written notice mailed to each Member with one or more unverified dependents at the conclusion of the Grace Period.
- **Outbound Contact**
 - When Member contact information is available, a minimum of two outbound telephone calls and one email will be made to contact Members that fail to respond to the previous Verification and Reminder mailings.
- **Receipt of Documents Notice**
 - A document receipt notice will be emailed to every Member with a valid email address on file upon receipt of document submission.
- **Incomplete Notice**
 - A notice will be emailed or mailed (if no email address on file) to every Member who submits insufficient documentation to verify all dependents and will detail the specific reason(s) the documentation is incomplete. The notice will include instructions on submitting the additional required documentation.
- **Confirmation Notice**
 - Notice emailed or mailed (if no email address on file) to Members confirming the eligibility status of each dependent enrolled, once the verification process is complete for all dependents.

3. DESCRIPTION OF SERVICES

DEPENDENT ELIGIBILITY VERIFICATION AUDIT

■ Call Center Services

- The Secova Service Center will support all questions related to the Project through its Interactive Voice Response (IVR) System and live call agents. Secova provides limited bi-lingual staff in its service centers but provides language line assistance through Language Select Telephone Interpreting Services. Specific eligibility enrollment questions not related to dependent verification will be transferred to the appropriate eligibility and enrollment vendor for handling. Secova will provide a non-vanity toll-free number that will be available 12 hours per day, 5 days per week during each phase of the Project with call center services based in US service centers. Secova will capture and record all employee communications. Secova will provide pre-employment screening, train and manage all agents handling phone calls.

■ Documentation Requirements

- Secova will work with the Client to establish verification documents that must be submitted by Members to substantiate and verify dependent eligibility status.

■ Documentation Management

- Documents submitted to support eligibility status can be submitted securely online, by mail or fax or mail. Secova will receive and scan all hard copy documents in our US service center. Imaged documents will be stored in a dedicated offsite server located in the US. Hard copy mailed documents will be batched and stored in an onsite secure and dedicated locked storage area for the duration of the Project. All hard copy documents will, at the Client's election, either be sent to the Client (cost of preparation and mailing to be billed separately to the at rates mutually agreed upon by Secova and the Client or destroyed on site at Project conclusion after Client approval. Document images will be reviewed and verified in US Service Center. Document images will be provided to the Client in electronic format at Project completion. Copy and print functions will be blocked for all non-supervisory Project personnel. Secova will provide pre-employment screening, train and manage all document processing agents.

■ Data Management

- Secova will load the initial data file and subsequent update files into its system. Secova will provide notice of dependent's reported as "Not Eligible" to Client in a mutually agreeable format. All data will be transmitted via secure protocol and all inbound data from the Client will be stored in our secure facilities. Client Project data will be stored in electronic files maintained in a secure offsite facility for seven years. After seven years, Client will be notified in writing not less than 30 days in advance of the destruction of the files.

4. DESCRIPTION OF SERVICES

DEPENDENT ELIGIBILITY VERIFICATION AUDIT

■ Reporting

- Secova will track and report daily to Client the incoming volumes of web, mail, fax, e-mail, and phone calls related to the Project. Reports of the general status of the Project will also be provided on a weekly basis or as otherwise agreed upon by Client and Secova in writing.

■ Project Schedule

- **Phase 1 Services:** Project planning, preparation, resource allocation and training for first Project communication.

Time period: Project kick-off meeting until commencement of Project First Communication Deployment.

- **Phase 2 Services:** Conduct Project First Communication Deployment, inbound call center support, planning, preparation, resource allocation and training for second Project communication.

Time period: Project First Communication Deployment until commencement of Project Second Communication Deployment.

- **Phase 3 Services:** Conduct Project Communication Deployment, inbound call center support, document verification processing, planning, preparation, resource allocation and training for third Project Communication and outbound follow-up calls.

Time period: Project Second Communication Deployment until commencement of Project Third Communication Deployment.

- **Phase 4 Services:** Conduct Project Third Communication deployment, inbound call center support, outbound follow-up contact, document verification processing, termination notices, results summary and recommendations.

Time period: Project Third Communication Deployment until commencement of Project conclusion.

■ Project Management

- Secova will manage the delivery and operation of all Project components for Client including resource provision, allocation, timing and performance quality.

5. DESCRIPTION OF SERVICES

DEPENDENT ELIGIBILITY VERIFICATION AUDIT

<p>Project Deliverables (considered Work Product for purposes of the Master Services Agreement)</p>	<p>■ Verification Conclusion</p> <ul style="list-style-type: none"> ○ A data file with a verifications status on each dependent ○ A data file with a copy of all scanned documents submitted during the verification process. ○ Final Project report with trends and analysis of the verification results. ○ Destruction on site of all verification documentation submitted in hardcopy ○ Recommendation of cost savings recovery plans from activities such as plan tier structure changes and plan reserve funding changes. ○ Report and recommendations for future compliance and cost savings activities ○ Short and long-term recommendations to improve the Eligibility Management process and comparisons to industry benchmarks and best practices 	
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6. DESCRIPTION OF SERVICES

DEPENDENT ELIGIBILITY VERIFICATION AUDIT

<p>Health Plan Project Requirements</p>	<p>■ Project Requirements</p> <ul style="list-style-type: none"> ○ Timely review and approval of communication documents, schedules, project plans and other Project related materials. Client shall be provided with a reasonable amount of time for such review and approval ○ Timely delivery of required data files as specified herein. ○ Reasonable availability of a Client resource for weekly project status meetings and discussion and resolution of non-standard and critical problem issues. ○ Reasonable availability of Client staff during the onsite Eligibility Management Review. 	
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EXHIBIT C PRICING

PERFORMANCE GUARANTEES

MAXIMUM PROJECT FEES AT RISK: 5%				
SERVICE	DESCRIPTION OF PROPOSED PERFORMANCE STANDARD		MEASUREMENT	PERCENT OF FEES AT RISK
Customer Service	Call Center Average Speed of Answer 45 seconds or less	Defined as the amount of time a call is answered by the IVR or a live agent after the call is transferred to the automated call distribution system.	Total speed of answer (in seconds) divided by the number of calls received.	1%
	Call Center abandonment rate 5% or less	Defined as a call disconnected by the caller after the call is transferred to the automated call distribution system following opening greeting (30 seconds)	Total number of telephone calls abandoned less "short abandons" (those dropped in the initial 30 seconds of the call) / total number of telephone calls received less short abandons	1%
	Blocked calls less than 3%	Defined as a call where the caller receives a busy signal due to insufficient phone lines.	Total number of telephone calls with busy signals/total number of telephone calls.	1%
Document Processing Time	Document processing within 4 business days of receipt.	Defined as the amount of time marked between indexing of document and validation processing against the dependent record	Average of actual time for all documents processed	1%
Audit Accuracy	100% accuracy of submitted documents processed in Secova's system as of the end of the project against Client approved eligibility rule matrix.	Defined as the appropriate processing of dropped dependents as of the end of the "Grace Period" of the project against Client approved eligibility rule matrix.	Number of dependents dropped in compliance with the eligibility rules as of the end of the "Grace Period" of the project divided by the number of dependents dropped.	1%
Website Guarantee	100% availability of online portal to both administrators and members	Defined as the amount of time outside of pre-defined normal maintenance schedules that the portal is available.	Total time available as a percentage of total time (less maintenance time) during applicable scheduled phases of the project.	1%

MAXIMUM PROJECT FEES AT RISK: 5%				
SERVICE		DESCRIPTION OF PROPOSED PERFORMANCE STANDARD	MEASUREMENT	PERCENT OF FEES AT RISK
ROI Guarantee	Minimum of 3:1 Return on Investment	Defined as the total savings associated with the identified non-verified dependents presented as a ratio of total project costs.	Annual Claims Cost per dependent type multiplied by the number of identified non-verified dependents (by dependent type) against total fees charged by Secova for the project.	5%

7. FEE FOR SERVICES			FEE
DEPENDENT ELIGIBILITY VERIFICATION AUDIT			
Service Fees	<ul style="list-style-type: none"> ■ Project Fee ■ Assumptions <ul style="list-style-type: none"> ○ Project based on approximately 1165 Members with 2082 enrolled Dependents ○ Fees quoted are subject to review in the event the Dependent count increases / decreases by 10%. Based on initial census file received from Client. ○ Deliverables contingent upon receiving data from Client and/or third party as agreed during implementation. Performance penalties will not apply on delayed deliverables by Secova due to untimely receipt of client data. ○ Pricing based on receiving 90% of city email addresses ○ All Service Centers ○ Scheduled Maintenance (system may be temporarily unavailable) ○ Standard Browsers & versions supported ○ Postage will be Inclusive 		\$35,000.00

7. FEE FOR SERVICES	FEE
Fee Payment	<ul style="list-style-type: none"> ■ Fee Schedule <p>Secova shall invoice Client for the Service Fees and related expenses in accordance with the Schedule set forth below:</p> <ul style="list-style-type: none"> ○ Phase 1 Project Services (estimated August 2013): At the time of first implementation meeting, and timeline of project and communication is established, 25% of estimated total Project Fees. ○ Phase 2 Project Services (estimated September 2013): At Deployment of Project First Mailing, 35% of estimated total Project Fees and estimated expenses. ○ Phase 3 Project Services (estimated January 2014): At Deployment of Project Second Mailing, 35% of estimated total Project Fees and estimated expenses. ○ Phase 4 Project Services (estimated April 2014): Upon Project conclusion, 10% of estimated total Project Fees and estimated expenses. ○ Fees are due to Secova within 45 days with 15 day grace period of Invoice Date. Late payments are subject to 1.5% monthly fee. ■ Fees Based on Administrative Services <ul style="list-style-type: none"> ○ The Services provided under this Agreement are administrative in nature and scope. Secova is not responsible for : (i) any HMO, DMO, third-party administrator and/or insurance carrier-related benefit matter or dispute; (ii) any member or subscriber with regard to selection of medical providers; or (iii) patient claims for benefits under Client Health Plan (except for claims resulting from Secova's breach of its obligations under this SOW and/or the Agreement).

8. FEE FOR SERVICES		FEE
DEPENDENT ELIGIBILITY VERIFICATION AUDIT		
Fee Payment	<p>■ Additional Expenses</p> <p>In addition to the expenses set forth above, Client will pay Secova for the following:</p> <ul style="list-style-type: none"> ○ Reasonable outside supplier services charges, such as shipping, data communication charges, and reasonable fees for any equipment leased solely for Client's use at the Client's request ○ Reasonable charges for outside supplier services used for communication projects requested by Client, such as designers, typesetters, printers and assemblers who bill Client directly. ○ Any and all sales taxes, tariffs, duties or similar government-imposed charges resulting from the provision of the Secova service to Client. This shall not, under any circumstances, include taxes based on the net income of Secova ○ Reasonable fees for any outside professional administrative services which Client requests Secova to arrange, including but not limited to, fees payable to actuarial consultants. 	

Except as expressly set forth in this SOW, Secova will not incur any additional expenses (including the expenses listed above) without Client's prior written direction after Secova's presentment of a reasonable estimate of such expense to Client. All expenses to Members will be billed as a pass-through expense. Secova will submit supporting documentation of such expenses at Client's request.

The total fees and expenses for the Project shall not exceed the estimated fees and expenses without Client's prior written approval, which shall not be unreasonably withheld.

EXHIBIT D INSURANCE REQUIREMENTS

Indemnification:

1. **Indemnification.** To the fullest extent permitted by law, CONSULTANT, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City and any of its elected or appointed officials, officers, directors, commissioners, board members, agents or employees from and against any and all allegations, demands, claims, proceedings, suits, actions, damages, including, without limitation, property damage, environmental damages, personal injury and wrongful death claims, losses, expenses (including claim adjusting and handling expenses), penalties and fines (including, but not limited to, attorney fees, court costs, and the cost of appellate proceedings), judgments or obligations, which may be imposed upon or incurred by or asserted against the City by reason of this Agreement or the services performed or permissions granted under it, or related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by CONSULTANT, or any of its subcontractors, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, relating to the discharge of any duties or the exercise of any rights or privileges arising from or incidental to this Agreement, including but not limited to, any injury or damages claimed by any of CONSULTANT's and subcontractor's employees.

Insurance:

1. General.
 - A. At the same time as execution of this Agreement, the CONSULTANT shall furnish the City of Chandler a certificate of insurance on a standard insurance industry ACORD form. The ACORD form must be issued by an insurance company authorized to transact business in the State of Arizona possessing a current A.M. Best, Inc. rating of A-7, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY. Provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Workers' Compensation coverage.
 - B. The CONSULTANT and any of its subcontractors, subconsultants or sublicensees shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, the insurances set forth below.
 - C. The insurance requirements set forth below are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement.
 - D. The City in no way warrants that the minimum insurance limits contained in this Agreement are sufficient to protect CONSULTANT from liabilities that might arise out of the performance of the Agreement services under this Agreement by CONSULTANT, its agents, representatives, employees, subcontractors, sublicensees or subconsultants and the CONSULTANT is free to purchase any additional insurance as may be determined necessary.
 - E. Failure to demand evidence of full compliance with the insurance requirements in this Agreement or failure to identify any insurance deficiency will not relieve the CONSULTANT from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Agreement.

- F. Use of SubContractors: If any work is subcontracted in any way, the CONSULTANT shall execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements as the City requires of the CONSULTANT in this Agreement. The CONSULTANT is responsible for executing the Agreement with the Subcontractor and obtaining Certificates of Insurance and verifying the insurance requirements.
2. Minimum Scope And Limits Of Insurance. The CONSULTANT shall provide coverage with limits of liability not less than those stated below.
- A. *Commercial General Liability-Occurrence Form.* CONSULTANT must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$2,000,000 for each occurrence, \$4,000,000 aggregate. Said insurance must also include coverage for products and completed operations, independent contractors, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying insurance.
- B. *Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles Vehicle Liability.* CONSULTANT must maintain Business/Automobile Liability insurance with a limit of \$1,000,000 each accident on CONSULTANT owned, hired, and non-owned vehicles assigned to or used in the performance of the CONSULTANT's work or services under this Agreement. If any Excess or Umbrella insurance is utilized to fulfill the requirements of this paragraph, the Excess or Umbrella insurance must be "follow form" equal or broader in coverage scope than underlying insurance.
- C. *Workers Compensation and Employers Liability Insurance:* CONSULTANT must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of CONSULTANT employees engaged in the performance of work or services under this Agreement and must also maintain Employers' Liability insurance of not less than \$1,000,000 for each accident and \$1,000,000 disease for each employee.
- D. *Professional Liability.* If the Agreement is the subject of any professional services or work performed by the CONSULTANT, or if the CONSULTANT engages in any professional services or work adjunct or residual to performing the work under this Agreement, the CONSULTANT must maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by the CONSULTANT, or anyone employed by the CONSULTANT, or anyone whose acts, mistakes, errors and omissions the CONSULTANT is legally liable, with a liability limit of \$1,000,000 each claim and \$2,000,000 all claims. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage must extend for 3 years past completion and acceptance of the work or services, and the CONSULTANT, or its selected Design Professional will submit Certificates of Insurance as evidence the required coverage is in effect. The Design Professional must annually submit Certificates of Insurance citing that the applicable coverage is in force and contains the required provisions for a 3 year period.
3. Additional Policy Provisions Required.
- A. *Self-Insured Retentions Or Deductibles.* Any self-insured retentions and deductibles must be declared and approved by the City. If not approved, the City may require that the insurer reduce or eliminate any deductible or self-insured retentions with respect to the City, its officers, officials, agents, employees, and volunteers.

- B. *City as Additional Insured.* The policies are to contain, or be endorsed to contain, the following provisions:
1. The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions: The City, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the CONSULTANT including the City's general supervision of the CONSULTANT; Products and Completed operations of the CONSULTANT; and automobiles owned, leased, hired, or borrowed by the CONSULTANT.
 2. The CONSULTANT's insurance must contain broad form contractual liability coverage and must not exclude liability arising out of explosion, collapse, or underground property damage hazards ("XCU") coverage.
 3. The City, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the CONSULTANT even if those limits of liability are in excess of those required by this Agreement.
 4. The CONSULTANT's insurance coverage must be primary insurance with respect to the City, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the City, its officers, officials, agents, and employees shall be in excess of the coverage provided by the CONSULTANT and must not contribute to it.
 5. The CONSULTANT's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 6. Coverage provided by the CONSULTANT must not be limited to the liability assumed under the indemnification provisions of this Agreement.
 7. The policies must contain a severability of interest clause and waiver of subrogation against the City, its officers, officials, agents, and employees, for losses arising from Work performed by the CONSULTANT for the City.
 8. The CONSULTANT, its successors and or assigns, are required to maintain Commercial General Liability insurance as specified in this Agreement for a minimum period of 3 years following completion and acceptance of the Work. The CONSULTANT must submit a Certificate of Insurance evidencing Commercial General Liability insurance during this 3 year period containing all the Agreement insurance requirements, including naming the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.
 9. If a Certificate of Insurance is submitted as verification of coverage, the City will reasonably rely upon the Certificate of Insurance as evidence of coverage but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the required policies expire during the life of this Agreement, the CONSULTANT must forward renewal or replacement Certificates to the City within 10 days after the renewal date containing all the necessary insurance provisions.